

# *International Petroleum Limited*

(ABN 76 118 108 615)

(Formerly International Goldfields Limited)

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*Interim Financial Report  
for the Half-Year Ended  
31 December 2009*

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## **DIRECTORS' REPORT**

Your Directors present their report for the half-year ended 31 December 2009.

### **1. OFFICERS**

#### **Directors**

The names of Directors in office during the half-year and up to the date of this report are as follows:

Mr Antony William Paul Sage  
Mr Mark Gwynne  
Mr Timothy Paul Turner

#### **Company Secretary**

Mr Timothy Paul Turner (appointed 24 November 2009)  
Ms Jane Flegg (resigned 24 November 2009)

### **2. REVIEW OF OPERATIONS**

#### **South African Tubatse Platinum Project**

In July 2009 the JORC compliant resource on portions of Nooitverwacht 324KT and Eerste Geluk 327KT farms within the Tubatse Project in the Bushveld platinum region of South Africa was upgraded. The Tubatse Project currently has a JORC resource of approximately 45.25Moz (3PGE plus Au) commencing at surface (refer to ASX announcement dated 31 July 2009).

#### **Option to Sell Bushveld stake to Nkwe Platinum Limited**

The Company entered into an asset sale agreement with Nkwe Platinum Limited ("NKWE") on 4 October 2009 to sell its 15% interest in the Tubatse Project for \$60 million. Shareholders approved the sale of this asset at the Company's Annual General Meeting on 24 November 2009.

Under the asset sale agreement:

- \$10 million was due to be paid to the Company within 5 days of it obtaining shareholder approval. These funds have been paid to the Company which entitles NKWE to a 5% interest in the Tubatse project.
- \$50 million is due to be paid to the Company within 30 days of the earlier of:
  - the grant of mining rights in respect of the Tubatse Project; and
  - Xstrata South Africa exercising its option with NKWE such that Xstrata South Africa will acquire a 50% interest in the land that is the subject of the Tubatse Project.
- If the payment of \$50 million is not made by NKWE when it falls due, NKWE will have no right to acquire the remaining 10% interest in the project.

#### **Share Sale Agreement with Eastern Petroleum Corporation Limited**

The Company also entered into a share sale agreement with Eastern Petroleum Corporation Limited ("Eastern") and the shareholders of Eastern in October 2009. Under the agreement, the Company will acquire 100% of Eastern's share capital. Eastern owns and operates a 50% interest in subsoil use rights for the exploration of hydrocarbons in Kazakhstan.

The Company will issue 675,965,359 shares and 135,193,072 options as consideration for the acquisition of Eastern. The share sale agreement included a number of conditions precedent, including the Company obtaining shareholder approval for the acquisition, the Company receiving the initial purchase consideration under the asset sale agreement with NKWE, the Company completing a placement of \$20 million and the Company receiving conditional approval to be re-quoted on ASX, with such conditions being acceptable to the Company.

Apart from receiving conditional approval to re-list from ASX, all of the conditions precedent in the agreement have either been satisfied or waived.

Kazakhstan subsurface law requires consent from the Ministry of Energy and Mineral Resources (“MEMR”) for transfers of shares in a user of subsurface rights. In addition, the State of Kazakhstan also has a priority right to purchase interests in subsurface use contracts, including any direct or indirect interest in companies holding subsurface use rights.

As announced on the ASX platform on 24 February 2010, Eastern sought, and has been granted, from MEMR a waiver of its priority right to the transfer of the issued capital in Eastern Petroleum to the Company.

The acquisition of Eastern constitutes a change in the nature and scale of operation of the Company. The acquisition, a placement of up to 100 million shares to raise up to \$30 million, the change in nature and scale of operations, and the change in the name of the Company was approved by shareholders at the Company’s AGM on 24 November 2009.

#### **Financial Result**

The Company incurred a loss after income tax of \$3,023,354 for the half-year period (2008: loss of \$275,173). The Company has cash funds on hand of \$11,406,872 at 31 December 2009.

### **3. SUBSEQUENT EVENTS**

The Company lodged a prospectus to raise up to \$30 million through the issue of up to 100 million shares with ASIC on 24 February 2010 and on 2 March 2010, announced that the offer had been fully subscribed.

The Company will issue the shares under the prospectus and complete the acquisition of Eastern once it has received conditional approval to re-list from ASX and is satisfied with those conditions.

### **4. AUDITOR’S INDEPENDENCE DECLARATION**

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

**This report is made in accordance with a resolution of the Board of Directors.**

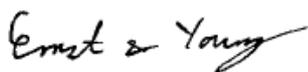


Antony Sage  
Director

Perth, 16 March 2010

## Auditor's Independence Declaration to the Directors of International Petroleum Limited

In relation to our review of the financial report of International Petroleum Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature in black ink, appearing to read 'C B Pavlovich'.

C B Pavlovich  
Partner  
Perth

16 March 2010

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

	2009	2008
	\$	\$
Revenue	36,841	654,528
Depreciation expense	(1,241)	(318)
Consulting expenses, including directors' remuneration	(1,080,938)	(479,492)
Compliance and regulatory expenses	(62,570)	(54,045)
Facilitation fee	-	(65,000)
Administration expenses	(247,514)	(345,726)
Exploration expenditure written off	(17,932)	-
<b>Loss from continuing operations before income tax</b>	<b>(1,373,354)</b>	<b>(290,053)</b>
Income tax expense	(1,650,000)	-
<b>Loss from continuing operations after income tax</b>	<b>(3,023,354)</b>	<b>(290,053)</b>
Profit from discontinued operations	-	14,880
<b>Loss for the period, attributable to the members of International Petroleum Limited</b>	<b>(3,023,354)</b>	<b>(275,173)</b>
<b>Other comprehensive income</b>		
Fair value gains on available-for-sale financial assets	1,003,805	-
Tax on items of other comprehensive income	(433,470)	-
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>570,335</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(2,453,019)</b>	<b>(275,173)</b>
<b>EPS from continuing operations</b>		
Basic/diluted (loss) per share	(1.98) cents per share	(0.24) cents per share
<b>EPS from discontinuing operations</b>		
Basic/diluted gain per share	-	0.02 cents per share
<b>EPS from loss attributable to members of International Petroleum Limited</b>		
Basic/diluted (loss) per share	(1.98) cents per share	(0.22) cents per share

*The accompanying notes form part of these financial statements*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT**  
**31 DECEMBER 2009**

	Note	31 December 2009	30 June 2009
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		11,406,872	6,701,514
Trade and Other Receivables		98,624	150,512
<b>TOTAL CURRENT ASSETS</b>		<b>11,505,496</b>	<b>6,852,026</b>
<b>NON CURRENT ASSETS</b>			
Plant and Equipment		-	1,242
Trade and Other Receivables		3,312,782	-
Financial assets available-for-sale		2,622,641	1,618,836
Exploration and Evaluation Expenditure	6	14,538,093	24,532,307
<b>TOTAL NON CURRENT ASSETS</b>		<b>20,473,516</b>	<b>26,152,385</b>
<b>TOTAL ASSETS</b>		<b>31,979,012</b>	<b>33,004,411</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		133,840	789,690
Income tax payable		1,650,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,783,840</b>	<b>789,690</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability		433,470	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>433,470</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,217,310</b>	<b>789,690</b>
<b>NET ASSETS</b>		<b>29,761,702</b>	<b>32,214,721</b>
<b>EQUITY</b>			
Issued Capital		29,577,362	29,577,362
Reserves		5,003,499	4,433,164
Accumulated losses		(4,819,159)	(1,795,805)
<b>TOTAL EQUITY</b>		<b>29,761,702</b>	<b>32,214,721</b>

*The accompanying notes form part of these financial statements*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

	Ordinary Share Capital \$	Converting Performance Share Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Redeemed Option Reserve \$	Available-for-Sale Reserve \$	Total \$
<b>BALANCE AT 1 JULY 2008</b>	22,852,800	600	(4,034,124)	7,048,138	452,988	-	26,320,402
Total Comprehensive Loss attributable to members of the Company	-	-	(275,174)	-	-	-	(275,174)
Shares issued during the half-year (net of share issue costs)	1,387,144	-	-	-	-	-	1,387,144
Options Expired	-	-	275,057	(275,057)	-	-	-
Options Exercised	-	-	-	(117,881)	117,881	-	-
<b>BALANCE AT 31 DECEMBER 2008</b>	24,239,944	600	(4,034,241)	6,655,200	570,869	-	27,432,372
<b>BALANCE AT 1 JULY 2009</b>	29,576,962	400	(1,795,805)	-	3,992,069	441,095	32,214,721
Total Comprehensive Loss attributable to members of the Company	-	-	(3,023,354)	-	-	570,335	(2,453,019)
<b>BALANCE AT 31 DECEMBER 2009</b>	29,576,962	400	(4,819,159)	-	3,992,069	1,011,430	29,761,702

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASHFLOWS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees	(882,337)	(891,360)
Payment for exploration and development	(671,416)	(38,958)
Interest received	36,841	67,394
Net cash flows used in operating activities	<u>(1,516,912)</u>	<u>(862,924)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from the sale of interest in prospects	10,000,000	-
Proceeds from the release of security deposits	100,000	-
Funding provided to Eastern Petroleum Corporation	(3,312,782)	-
Transaction costs paid	(564,948)	-
Payments for financial assets	-	(496,054)
Proceeds from sale of tenements	-	15,000
Net cash from/(used in) investing activities	<u>6,222,270</u>	<u>(481,054)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	1,025,025
Payment for share issue costs	-	(5,381)
Net cash from / (used in) financing activities	<u>-</u>	<u>1,019,644</u>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>4,705,358</b>	<b>(324,334)</b>
<b>Cash and Cash Equivalents at the Beginning of the Half-Year</b>	<b>6,701,514</b>	<b>2,139,520</b>
<b>Cash and Cash Equivalents at the End of Half-Year</b>	<b><u>11,406,872</u></b>	<b><u>1,815,186</u></b>

*The accompanying notes form part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

This general purpose condensed financial report for the half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the entity as the full financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by International Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**Significant Accounting Policies**

The half-year financial report has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2009.

**New and Amending Accounting Standards and Interpretations**

From 1 July 2009 the Company has adopted all accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009, including:

- AASB 8 – Operating Segments

This standard requires disclosure of the Company's operating segments and replaces the requirement to determine primary and secondary reporting segments. Adoption of this standard did not have any impact on the financial position or performance of the Company.

- AASB 101 – Presentation of Financial Statements (Revised)

The revised standard introduces the requirement to produce a Statement of Comprehensive Income that presents all items of recognized income and expense.

- AASB 2009-2 – Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs. Adoption of this standard did not have any impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new standards or amendments.

**2. DIVIDENDS**

No dividends have been paid or proposed during the six month period ended 31 December 2009.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009(continued)**

**3. LOSS BEFORE INCOME TAX EXPENSE**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Proceeds on sale of tenements	-	15,000
Cost of sale of tenements	-	(120)
Interest revenue	36,841	229,528
Directors' fees	(266,750)	(278,750)
Corporate management fees	(80,000)	(120,000)
Consultants expense	(578,751)	(200,742)
Legal fees	(155,437)	(47,282)

**4. DISCONTINUED OPERATIONS**

**(a) Description**

On 6 August 2008, the Company received final payment for the sale of E39/0970. The sale of this tenement is reported in this financial report as a discontinued operation.

**(b) Financial performance and cash flow information**

Proceeds from the sale of mining tenement	-	15,000
Expenses incurred during the life of the tenement	-	(120)
Profit on sale of tenements before income tax	-	14,880
Income tax expense	-	-
Profit on sale of tenement after income tax	-	14,880
Net cash inflow/(outflow) from operating activities	-	-
Net cash inflow/(outflow) from investing activities	-	15,000
Net cash inflow/(outflow) from financing activities	-	-
Net increase in cash generate by sale of tenements	-	15,000

**5. FINANCIAL ASSETS**

	<b>31 December 2009</b>	<b>30 June 2009</b>
	\$	\$
Available-for-sale financial assets	2,622,641	1,618,836

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009(continued)**

**6. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 December 2009 \$</b>	<b>30 June 2009 \$</b>
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases	14,538,093	24,532,307
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases		
Opening balance	24,532,307	21,346,152
Proceeds on disposal of 5% of Tubatse Project	(10,000,000)	-
Exploration expenditure incurred	23,718	3,186,155
Exploration expenditure written off	(17,932)	-
Exploration and evaluation phases	<u>14,538,093</u>	<u>24,532,307</u>

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and commercial exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009(continued)**

**7. ISSUED CAPITAL**

	<b>31 December 2009</b>	<b>30 June 2009</b>
	\$	\$
Ordinary shares		
152,400,005 Fully Paid Ordinary Shares	29,576,962	29,576,962
40,000 Converting Performance Shares	(a) 400	400
	<u>29,577,362</u>	<u>29,577,362</u>

(a) The terms of the converting performance shares ("CPS") are as follows:

- 20,000 CPS will convert into 20 million shares and 10 million options (exercisable at \$0.20 on / before 30 June 2009) upon Genorah and the Company establishing a JORC compliant (or similar) resource of 45 million contained 3PGE+Au\* ounces on the project by no later than 30 months from commencement date of April 2007 (i.e. by Oct 09). Per ASX announcement dated 31 July 2009, the updated inferred resources for the Tubatse project is now 45.3 Mox (3PGE+Au). This tranche of converting performance shares is therefore due for conversion. Given that the options expiry date has already past, no options will be issued on conversion; and
- 20,000 CPS will convert into 20 million shares and 10 million options (exercisable at \$0.20 on / before 30 June 2009) upon Genorah and the Company establishing a JORC compliant (or similar) resource of 65 million contained 3PGE+Au\* ounces on the project by no later than 36 months from commencement date of April 2007 (i.e. by April 2010). This tranche of converting performance shares is not yet due for conversion. Given that the options expiry date has already past, no options will be issued on conversion.

\*PGE is as abbreviation for the platinum group element. The platinum group elements include, in this instance, in a decreasing order of abundance of platinum, palladium and rhodium. Au is the chemical symbol for gold. 3PGE+Au is therefore 3 parts of platinum, palladium, rhodium and gold per ounce.

**8. SEGMENT REPORTING**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (Chief operating decision makers) in assessing performance and in determining the allocation of resources.

All of the Company's activities are interrelated and discrete financial information is reported to the Board as a single segment, being Platinum in South Africa.

Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results of this segment are equivalent to the financial statements of the Company as a whole.

**9. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2009, the Company's contingent liabilities have not significantly changed. Refer to the 30 June 2009 Annual Report for more information.

**10. EVENTS SUBSEQUENT TO REPORTING DATE**

The Company lodged a prospectus to raise up to \$30 million through the issue of up to 100 million shares with ASIC on 24 February 2010 and on 2 March 2010, announced that the offer had been fully subscribed.

The Company will issue the shares under the prospectus and complete the acquisition of Eastern once it has received conditional approval to re-list from ASX and is satisfied with those conditions.

***DIRECTORS' DECLARATION***

In accordance with a resolution of the directors of International Petroleum Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the Company; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

  
\_\_\_\_\_  
Anthony Sage  
Director

**Perth, 16 March 2010**

To the members of International Petroleum Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of International Petroleum Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

### ***Directors' Responsibility for the Half-Year Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditor's Responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of International Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

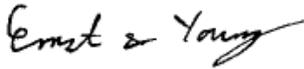
### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of International Petroleum Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the 6 months ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to C B Pavlovich.

C B Pavlovich  
Partner  
Perth

16 March 2010